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ABSTRACT

This speech suggests several reasons why revenue sharing is receiving so much attention, and presents several important ingredients for what the author considers to be a reasonable "delivery system" for special revenue sharing funds. The author also summarizes some of his concerns and reactions to the probable fate of special revenue sharing proposals or some directions that they will take in the future. (JF)

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SPEAKER: Robert D. Benton, State Superintendent of Public Instruction, Des Moines, Iowa

TOPIC: WHAT KIND OF "DELIVERY SYSTEM" FOR SPECIAL REVENUE SHARING FUNDS?-Seminar

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Chairman Campbell, distinguished colleagues who have been named seminar participants, fellow educators, ladies and gentlemen. The American Association of School Administrators and the convention planners honor me by inviting me to speak at this seminar session. Why was I chosen, I do not know. I possess no unique insights into the topic, and like most state superintendents of public instruction, I haven't had an overabundance of state and federal revenue to share with my local school districts in recent years.

Be that as it may, I am pleased to have the opportunity of discussing with you this morning some of my thoughts on the general topic of "Special Revenue Sharing Funds" and the more specific aspects of a "Delivery System" for such funds should they be duly appropriated.

Our chairman, Dr. Campbell, sent me a letter recently in which he introduced himself and inquired as to my audio-visual needs, if any, for this presentation. He also included in that letter a copy of the chairman's manual which had been sent to him by AASA convention officials. One section of that manual was entitled: "Oh, Yes, the Speakers!" Now, he didn't have this section underlined or anything, but I did note that his copy machine produced a much more legible copy of that particular page than the others. I wasn't sure whether the machine or Dr. Campbell was trying to tell me something. Anyway, that section contained the following statement:

> The job of the speaker is to state the issues sharply and concisely, not exhaust the subject--and the audience with it. He should set forth the principal issues and facts as provocatively as possible.

Please rest assured that I shall attempt to follow those admonitions to the letter. How "provocative" I'll be is questionable, but I'll try not to "exhaust" either the topic or the audiance.

The assigned topic--"What Kind of 'Delivery System' for Special Revenue Sharing Funds?"--is very important sounding and somewhat broad, to say the least. I am reminded of the story they tell concerning Winston Chruchill. Mr. Chruchill was asked to address the Annual Banquet of the National Temperance League of Great Britain. If you know anything about Mr. Chruchill's propensity for "the grape," you would have questioned why such an invitation was issued to him. Perhaps there was a method in their madness.

Anyway, the toastmaster, when introducing Mr. Chruchill, reported that an engineer had once calculated that Mr. Chruchill, in his lifetime, had consumed enough liquor to fill the banquet room up to his chin.

You can imagine the workings of his fertile mind as he came to the podium. He replied thusly: "When I look from my chin to the ceiling of this room, I am deeply impressed by how much more I have to do and so short a time in which to do it."

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I feel somewhat like that as I approach this topic.

Before getting into the main points of my presentation this morning, I would like to acknowledge the assistance of my fellow chief state school officers. Upon receipt of the invitation to participate in this seminar, I sent an appeal to each of my colleagues asking for pertinent thoughts on this rather broad topic. Thirty-four of the state superintendents and commissioners of education took time from their busy schedules to respond.

Many of the ideas and insights included in this address are the results of this generous response. I will not be identifying the origin of specific ideas, because many of my colleagues expressed similar thoughts on given issues. I must make it clear, however, that I do not purport be the spokesman for my fellow superintendents and commissioners, nor do I necessarily represent an official position of our national organization--the Council of Chief State School Officers. My only point is that I have sought and I have received a diversity of thoughts on this issue from many of the people who have and will continue to have close involvement in any type of federal funding programs in education.

We have heard much in recent years about the general subject of revenue sharing. The Nixon Administration, which took office in January of 1969, particularly, has addressed itself to this method of dispensing federal dollars to state and local units of government. It is true that previous administrations had used this method. For example, the Eisenhower administration promoted and subsequently implemented the massive interstate highway building program by using a form of revenue sharing. However, I am sure Mr. Nixon will be credited by historians with, among many other things, developing the concept to a higher degree.

Certainly, the passage of a general revenue sharing program in the fall of 1972 which channeled some 5.2 billions of dollars back to state and local units of government the first year of operation was a historical precedent of some magnitude. This figure will grow to 30.2 billions of dollars over the five-year duration of the program. The significance of this historical percent may have been only exceeded by the political sagacity of the action. It should not go unnoted that the date of this action was just prior to the general election of 1972, and the President was elected by landslide proportions. Even though actual dollars had not flowed into the states and localities by that time, visions of what was to come danced in every politicians eyes via interesting charts, graphs and computer printouts. I inquired and found that the first check arrived in the Iowa state comptroller's office on December 8, 1972, thus, we can see that the time frame was interesting, to say the least.

Following the success of this initial effort, we began to hear things about special revenue sharing programs. High among these "specials" was the term "Educational Revenue Sharing." I'll not attempt to analyze nor explain the perceptions that many of us in education had of these proposals. In light of what has happened since then, that is relatively unimportant. Suffice it to say that some of us probably had visions similar to those of our politician friends dancing before our eyes as we contemplated this new thrust in federal involvement in the financing of education. After all, didn't our new Secretary of Health, Education and Welfare, Mr. Casper Weinberger, describe this new methodology in glowing terms. To illustrate, let me quote from his formal statement before the General Education Sub-committee of the Education and Labor Committee of the United States House of Representatives on March 19, 1973. In that statement he excerpted the following from President Nixon's 1973 State of the Union Message on Human Resources:

> Rather than stifling initiative by trying to direct everything from Washington, Federal efforts should encourage State and local governments to make those decisions and supply those services for which their closeness to the people best qualifies them.

Secretary Weinberger than continued with the following additional quotation from the President's message:

> 1973 must be a year of decisive action to restructure Federal aid programs for education. Our goal is to provide continued Federal financial support for our schools while expanding State and local control over basic educational decisions.

Then, Mr. Weinberger discussed the fact that revenue sharing as a concept is not new because it had been advocated in 1964 by both presidential candidates and by both political party platforms in 1968. "What is new and revolutionary," he said, "is that this administration has enunciated an overall strategy--embracing general return of tax revenues to the States and special revenue sharing in a number of areas of special national concern". He continued: "In each of these proposals, we evoke the spirit and the substances of self-determination--to preserve it where it exists, to strengthen it where it is weak, and to create the conditions for its reemergence where it has disappeared". He concluded this portion of his statement thusly: "Self-determination is the hallmark of revenue sharing." And then he proceeded to devote the major portion of the remaining seventeen pages of this statement to the specific provisions and rules and regulations of the Better Schools Act of 1973. The informed observer could hardly tell the difference between this rather carefully worded piece of new legislation--billed as a form of special revenue sharing--and many of the finely chiseled word descriptions contained in the federal guidelines and the rules and regulations of the more than 100 categorical aid programs which have been in existence lo these many years. In all fairness, administration officials quickly retreated from the "special educational revenue sharing" tag they had placed on the Better Schools Act and more accurately labeled it a "grants consolidation" measure. But, to many of us, the term "special education revenue sharing" had been compromised, and the creditability of the administration's first attempt at returning to the states and local governmental units basic decision-making was a bit tarnished.

It would be easy to dwell on this episode and many others, but that would be less than productive. Rather, let me attempt to do three things in the time remaining to me. First I shall attempt to suggest several reasons why revenue sharing is finally receiving so much attention at this point in time. Second I shall present several important ingredients or components for what I would consider to be a reasonable "delivery system" for special revenue sharing funds. And, finally, I shall try to summarize some of my concerns and reactions as to the probable fate or directions that special revenue sharing proposals will take in the future.

Let me address myself now to those reasons that account for the unusual emphasis at this point in time on revenue sharing in general and educational revenue sharing in particular. This list is by no means complete, but several of the reasons make very good sense to me.

First it is a fact that the Federal government collects approximately two-thirds of all revenue collected in this country. This ability and ease of the Federal Government to collect taxes is bound to create a certain covetous gleam in the eyes of state and local governmental officials.

Second, and this closely allied with the first reason, the federal tax structure is more responsive to the economy than state and local tax structures. Property taxes, the bulwark of most local governmental agencies, are notoriously slow to respond to changing economic conditions. Typical state taxes--the sales and excise taxes, licensing fees, and the like--are a bit more responsive but they too tend to lag because of the political difficulties of getting changing rates through state legislatures. The involvement in recent years of many states in personal and corporate income taxes has increased the responsiveness of state taxes to a marked degree.

The federal income tax, imperfect and frustrating as it may be, is surprisingly responsive, particularly, when one considers the proportion of total federal tax revenues it produces--69%. (Individual--53%; corporate--16%.)

Third, the great increase in state and local taxes during the past two decades has created major opposition in many places to further increases in state and local taxes. This reason should not be taken too lightly, in my opinion. Who of us who have been connected with a local school system, for example, have escaped the wrath of local property taxpayers as they have seen their tax rates double, triple and redouble again during this period? In Iowa, we euphemistically called that experience "a property tax revolt." I'm not sure what you people from other states have called it, but the results have been about the same--a growing resistance to any increases in local taxes.

Finally, let me zero in on a very practical reason for our attention to special educational revenue sharing or an alternative. To put it bluntly, most of us are fed up to our eyebrows with the present method of using federal funds to finance educational programs. This method is more commonly called categorical aid programs. I haven't made an accurate count just lately, but I know that at one time the U.S. Office of Education administered over one hundred such programs affecting elementary and secondary education, vocational education and postsecondary education. I am also told that at least twenty-six other federal agencies administer significant categorical programs affecting the schools and colleges. Each program, of course, has its regulations and guidelines and a commensurate amount of paperwork imposed by the respective federal bureaucracies.

I could make an entire presentation on the frustrations and the problems of categorical programs. And, I would just be scratching the surface. I can tell by those knowing looks on your faces that we could all have a tremendously entertaining time playing a game of "Can You Top This?" if we were to exchange our experiences. Suffice it to say that the current hodge-podge of federal categorical programs is perhaps one of the best reasons we can give for considering some new method of distributing federal educational funds.

Let me now turn to those ingredients of that "delivery system" for special revenue sharing funds. I could make quick work of this part of my assignment by advancing a simple and pure approach to revenue sharing. This concept would be the development of a simple procedure of mathematically determining that portion of the total revenues to be shared with a given governmental unit, followed by the presentation of a check to that governmental unit representing that share. Philosophically, then, the next step is for that governmental unit to mathematically share the proceeds therefrom with its component parts. All of this sharing should have "no strings attached" if we are to have a philosphically pure model of revenue sharing.

Sounds simple, doesn't it? Well, my friends, I can tell you its too simple. It isn't going to be done that way, so I would be wasting your time and mine by exploring that method any further. And, in the final analysis, I'm not sure that educational opportunities for boys and girls would be enhanced measurably by such a simple approach. As desirable as simplicity may be in many things, in this case, there is a noticeable lack of accountability and direction. State and local school agencies are not totally immune either to the development of bureaucracies and vested self-interests. And, in my judgment, it is too much to expect that such a major shift in direction from more than one hundred categorically-funded programs administered by some twenty-six governmental agencies plus the U.S. Office of Education to a "no-strings-attached" channelling of several billions of dollars back to the states and localities can take place almost overnight. This just isn't administratively or politically feasible. It might be highly desirable but not very feasible.

Therefore, please keep in mind that the "delivery system" that I will be presenting is based more on what could and should be if we had special educational revenue sharing than what is now or likely will be a reality in the very near future. With those thoughts in mind, let me now proceed to briefly present those ingredients.

First, I would suggest that the formula which will be used to determine the amount of each state's share be a variable one. This formula must take into account regional variances in the cost of delivering educational services. Certainly, we have the data gathering and analysis carability in this country to accurately determine a suitable factor for each state. These variable factors have not been widely used, if at all, in current federal financing programs, and we can certainly see the inequities.

My second ingredient is closely related to the first. I would propose that a true equality be an important component of the distribution formula. All of us at the state level can cite the wide ranges in ability to support good education that we see among our local school districts. A careful analysis of the national picture reveals similar inequities among the states. It ought to be possible to devise an equality factor that would accurately reflect the fiscal capabilities of the respective states.

The third ingredient is very simple-I propose that a concept of advanced funding be incorporated into any method of distributing federal monies to education. If I could point to one thing in the past that has created more waste and developed extremely high levels of frustration, it would be the inability or unwillingness of the Congress and the administration to provide federal funds within a reasonable time frame. How often have you and your school districts stuck your necks on the line and started programs not knowing exactly how much money you would have? You did this because kids needed the programs. Our experience this past year with Title I is a perfect example of why advanced funding is highly desirable. I was pleased to hear the President address himself to this issue in his recent educational message to the Congress. However, I have heard political rhetoric on this issue before, and I'll believe it when I see it.

My fourth ingredient concerns the proper agency at the state level through which federal educational funds should be channelled. I would propose the legislation be worded in such way that the agency in each state designated by state law as the agency in charge of general supervision of instruction be the recipient of these funds and be charged with the proper administration and disbribution thereof. This is a very important point, and I have tried to word it very carefully. Please note, I am not just naming state departments of education carte blanche as the recipients, nor, am I saying it has to be the same agency in each state. I am really advancing a "states' rights" position here. Let each state's statutory and/or constitutional structure determine not only the agency but the method of distribution. One view of this concept says, in effect, that the federal funds become state money which the states could spend for any lawful purpose with the same discretion that they spend their own money. It would then be budgeted through the normal state legislative process. As I said, earlier, this is a very important point. The Better Schools Act, and practically all other special revenue sharing programs that I have heard discussed normally have the governors of the states either receiving the funds or given the authority to designate the state agencies to receive and administer them. I have nothing against governors, and no doubt their involvement is desirable, but I do object to the federal government ignoring state statutory precedence in matters like these. Why should governors or any other state organization be given powers by the federal government that they have not been able to achieve through their own state's legislative processes? If the promoters of special revenue sharing really believe in "self determination"

at the state level, it is incumbent upon them to "practice what they preach." To arbitrarily designate the governors of the fifty states to receive and to administer these funds is blatantly political, to say the least.

The fifth ingredient that I would propose concerns needs assessement at the state level. I realize this proposal smacks a bit of the voluminous state plans now required for most categorical programs, but I must revert to my previous statement about accountability and direction. I don't believe in spending money at any level of government without a proper need being established and a suitable plan being advanced. The distinction I make here is that the states should be charged with developing those plans and then acting. The reverse has been true in the past. Categorically funded programs have been characterized by federal needs or priorities being identified and then imposed upon the respective states. I guess I want the states to become the activists, not the reactors. If we truly believe the maxim--education is a state function--then lets make it operative.

Closely allied to the "needs" concept in ingredient number five is my sixth component. I believe it is vital that any delivery system for special educational revenue sharing provide a mechanism for strengthening the role of the public in determining educational needs. I'll not expound at any great length on this issue other than to assume that the respective states are capable of creating the most suitable mechanism or framework. I do think it extremely important that we in education recognize the desire of people to be involved in the decision-making process and, hence, the desirability of such involvement.

Finally, I came to my seventh, and perhaps most controversial ingredient. I would propose that no special educational revenue sharing funds be channelled directly to local school districts. Before you local school district administrators begin throwing things at me, let me hasten to present my rationale for this ingredient. I go back to the "education is a state function" concept. We talk a lot about local control of education, and I support the concept to a marked degree. The fact of the matter is though, that a local school district has only those local powers and authorities granted to its governing board and administration by the state. Local school districts are creatures of state legislatures and as such serve a state function. When I was a local superintendent, I suppose my perception was a bit different, but since becoming the state superintendent my perspective has changed considerably. I am frankly glad that we have minimum state standards in educational programming in Iowa, as imperfect and sometimes, unresponsive as those standards may be. If we didn't, some of our students would have a very sparse and unbalanced educational diet. And, who among us would argue against the desirability of some type of financial equalization program at the state level, notwithstanding the Rodriquez decision. I guess the point I'm trying to make is that there is merit in using our limited state and federal resources to promote the "general welfare" of the population, at least educationally. This cannot be done if the pie is cut into too many pieces. There are only fifty states, but there are thousands of local school districts.

In summary, then, the seven ingredients of my proposed "delivery system" would be:

1. The distribution formula should allow for the variable costs of delivering educational services in the respective states.

2. The distribution formula should take into consideration the various capabilities of the respective states to adequately finance educational services.

3. Advanced funding is a must if effective and efficient use of federal funds is to be realized.

4. The agency in each state designated by state law as the agency in charge of general supervision of instruction should receive and administer special educational revenue sharing funds.
5. Comprehensive needs assessment plans should be required of all states.
6. A mechanism should be developed by the respective states to actively involve the public in this needs assessment process.
7. Special educational revenue sharing funds, should not be channelled directly to local school districts.

Let me close with several concerns I have about special education revenue sharing and some of my reactions to the probable fate or direction I think this concept will take.

I have already alluded to a very basic concern I have when I discussed the "simple" concept of revenue sharing. Remember, I said it was "too simple" and that "it isn't going to be done that way". Well, then how is it going to be done? I don't claim to be clairvoyant, but I do think that some type of "grants consolidation" or "block grants" program is more likely to pass the Congress than true revenue sharing legislation. And, this approach may be the best for education, at least for the time being. Something just has to be done about the hodge-podge of federal categorical aid programs currently in vogue.

You see, I have another concern that is closely related to this. In my opinion, we're not ready for educational revenue sharing with no strings attached at the state level. In Iowa, we certainly don't have the proper decision-making mechanism in place that could respond adequately. I doubt if the other states do either. I am sure that we'd end up distributing most of the funds to the identical categorical programs in an almost identical proportion now in operation. Why? Because the powerful lobbies that have been operating at the national level to perpetuate and expand these categorical programs have their counterparts at the state levels. At least in the beginning, this lobbying effort would prevail. That is why I stressed so strongly the concept of needs assessment and the public involvement in the needs assessment process in points five and six of my proposed "delivery system". My plea, then is: "Give us time to develop the proper decision-making mechanism at the state level before redirecting the federal financial involvement in education."

Let me close by using this story because it illustrates my overall feeling about the whole area of federal funds for education and the proper "delivery system" of distributing those funds.

When I was a young man, I was very typical. I liked girls. I had a lot of girl friends and occationally I would bring the girl of the moment home to meet my family. Somehow, my mother always found something wrong with each of those girls. One was too skinny, one wore too much makeup, one was "too mature". This really began to bother me, so I decided I was going to find a girl my mother would like. I looked and looked and finally I found just the right girl. She looked like my mother. She acted like my mother. She dressed like my mother. She talked like my mother. I took her home to meet the family, and my dad didn't like her.

I am afraid my new approach to the federal funding of education and the "delivery system" devised to distribute those funds will never completely satisfy anybody or everybody. I would hope though, that we'll not let a lot of political and other petty considerations get in the way of improving educational opportunities for the kids of this nation.

Thank you.

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